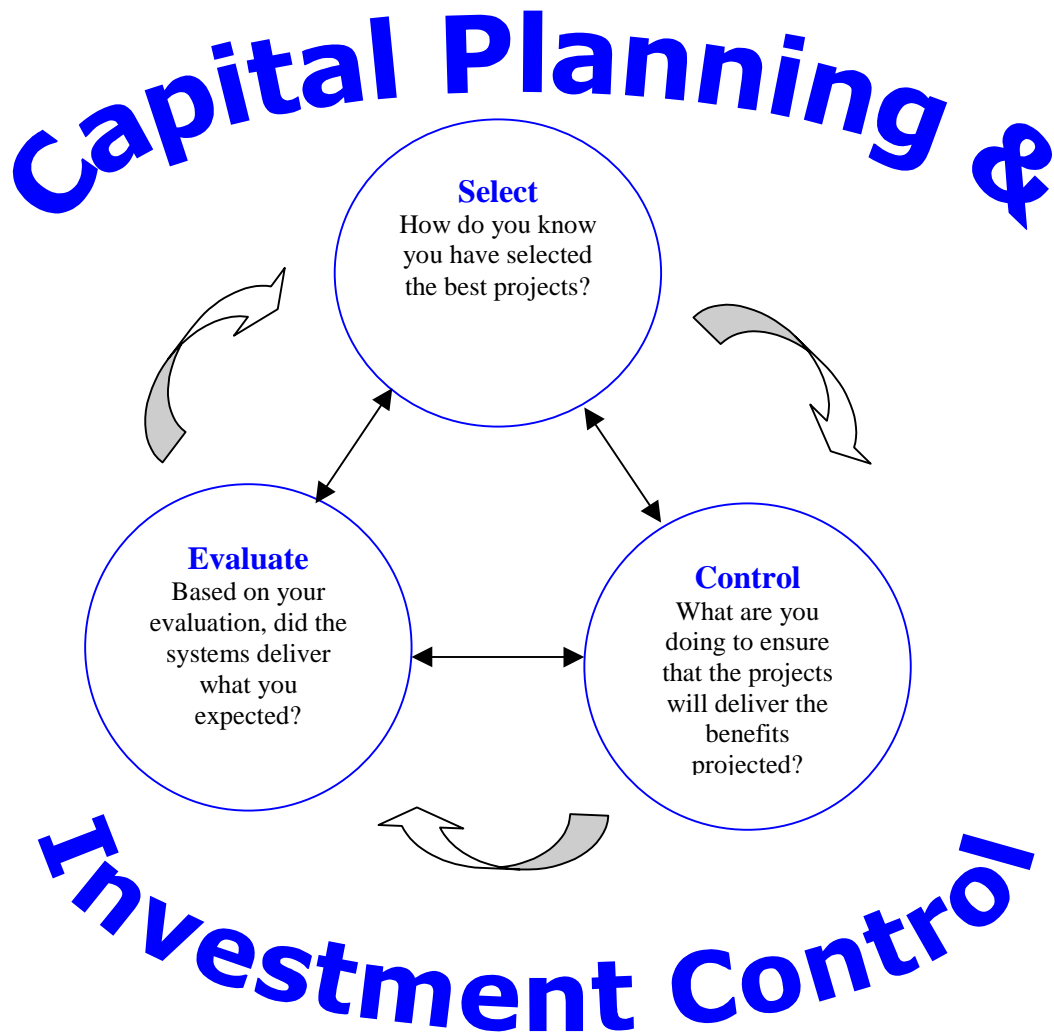




# USDA Guide To The Review of Major Information Technology Investments



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## Purpose

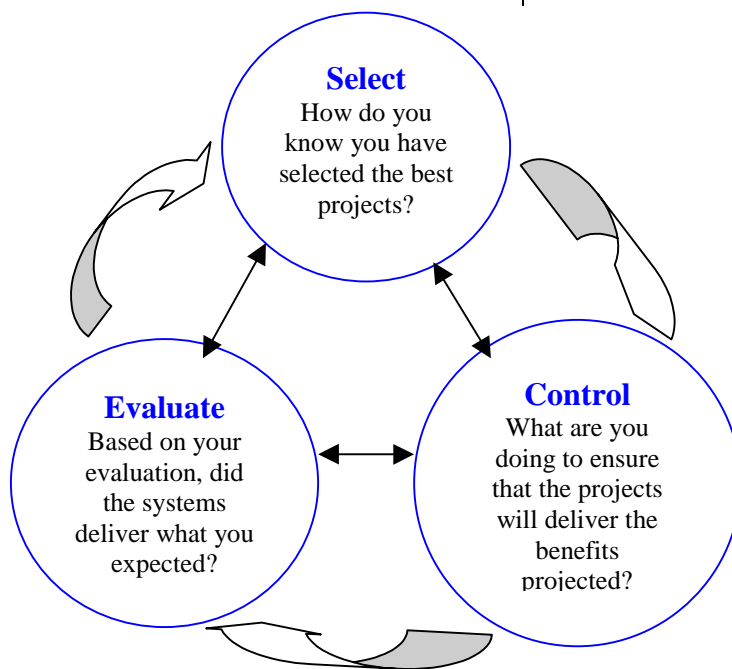
This document, the USDA Guide to the Review of Major Information Technology Investments, describes a framework for USDA's Executive Information Technology Investment Review Board (EITIRB) to manage its portfolio of investments. This management process will allow USDA to make maximum benefit of scarce IT resources and comply with applicable laws and OMB guidance. Major investments, while small in number, constitute about half of USDA IT investment each year. Through sound management of these investments, the EITIRB determines the direction for IT at USDA, and ensures that agencies manage these investments with the goal of maximizing return to the Department and achieving these goals.

## Background

The Clinger-Cohen Act (Information Technology Management Reform Act of 1996) directs the head of each agency to design and implement a process to maximize the value and manage risks associated with information technology investments.

**The overriding objective of Clinger-Cohen is that senior managers are able to systemically maximize the benefits of IT investments through use of a Capital Planning and Investment Control (CPIC) process.**

The CPIC process consists of three phases: Select, Control, and Evaluate. The Act further describes CPIC as follows:



"The Head of each executive agency shall design and implement in the executive agency a process for maximizing the value and assessing and managing the risk of the information technology acquisitions of the executive agency"

"The process shall:

1. provide for the selection of information technology investments to be made by the executive agency, the management of such investments, and the evaluation of the results of such investments;



2. be integrated with the processes for making budget, financial, and program management decisions within the executive agency;
3. include minimum criteria to be applied in considering whether to undertake a particular investment in information systems, criteria related to the quantitatively expressed projected net risk-adjusted return on investment and specific quantitative and qualitative criteria for comparing and prioritizing alternative information systems investment projects;
4. provide for identifying information systems investments that would result in shared benefits or costs for other Federal agencies of State or local governments;
5. provide for identifying for a proposed investment quantifiable measurements for determining the net benefits and risks of the investment; and
6. provide the means for senior management personnel of the executive agency to obtain timely information regarding the progress of an investment in an information system, including a system of milestones for measuring progress, on an independently verifiable basis, in terms of cost, capability of the system to meet specified requirements, timeliness, and quality.

## Policy

The EITIRB has established the policy that in USDA a Capital Planning and Investment Control approach will be used in the management and review of information technology investments, and that the Office of the Chief Information Officer (OCIO) will develop and implement this policy in the Department. Pursuant to this policy OCIO has developed a CPIC process that follows the Office of Management and Budget/General Accounting Office model, and a review methodology titled "USDA Process Model & Construct for Strategic Information Technology Decision Making."

## Major IT Systems

In order to be considered a major IT system, the investment must meet one of several criteria;

- The system must cost more than \$25 million in life cycle costs, or more than \$10 million in one year.
- The system must have significant, multi-agency impact.
- The system must be strategic in nature

## The Review Process And The Procedures

- The system must be mandated by executive order, legislation, or identified by the Secretary as critical.

The designation of a major IT system is one that places the investment in the EITIRB's executive portfolio. A major IT system must be reported individually to OMB on the Department's Exhibit 53 report and requires the agency to prepare an Exhibit 300B. These systems are the subject of the review activity currently underway. As such, these systems have a greater burden of documentation to support them. The documentation requirements for major as well as other systems can be found in Attachment 1.

The review process is outlined on the Score Sheets, Attachment 2, which also shows the specific investments within the three Capital Planning phases of Select, Control, and Evaluate. The position of the investment within these phases determines which Strategic Investment Factors apply to the investment. Within this framework, the basic process steps are:

- OCIO has developed a package of materials from information submitted by the agencies relevant to the particular investment.
- This package has been returned to the agencies for validation and to give them the opportunity to provide additional relevant materials that would bear on the investment factors.
- OCIO has prepared its analysis of each system for use by the by the Deputy Under and Assistant Secretaries when it conducts its review.
- Presentations by mission areas regarding their investment portfolios will be given to the Deputies Council members.
- The revised informational packages along with the OCIO analysis will be given to the Deputies Council for scoring the investments against the Strategic Investment Criteria.
- The Deputies will score the investments using the nine Strategic Investment Criteria Evaluation sheets.
- Investments in the **Select** phase of Capital Planning will be evaluated against Mission, Risk, and Return-On-Investment. **Mission** addresses the relationship of the investment to the agency mission. **Risk** addresses how well the potential risk factors are identified and mitigated. **Return-On-Investment** addresses the returns that are generated from the investment.
- In addition to the Mission, Risk, and Return-On-Investment criteria, investments in the **Control**

## Reporting

phase will be evaluated against Cost, Schedule, and Performance. **Cost** addresses how well the investment has adhered to its original cost estimates. **Schedule** addresses how well an investment has adhered to its original schedule for deployment. **Performance** addresses how well the investment is meeting its originally intended performance and functionality expectations.

In addition to the Mission, Risk, Return-On-Investment, Cost, Schedule, and Performance criteria, investments in the **Evaluate** phase will be evaluated against Post-Implementation-Reviews. A **Post-Implementation-Review** is an evaluation of the system after it is operational to determine how well it is performing against its original design criteria. The evaluation criteria charts are provided in Attachment 3.

- All investments will be evaluated to determine if they should be awarded a **Trump Card** under Infrastructure/Architecture and Secretarial Priority. A Trump Card is a bonus to be awarded when the investment furthers the Infrastructure/Architecture or when it directly supports one of the Secretary's priorities.
- The Deputies will meet to reconcile their individual scoring and come to a consensus on each investment. This will be a facilitated session. They will prioritize the investments from most important to least important. They will agree on a recommendation to the EITIRB whether to Approve/Disapprove the request for investments in the Select phase, or to Continue, Modify, or Terminate investments in the Control and Evaluate phases.

The Deputies will prepare a completed Score Sheet detailing the results of their deliberations for transmittal to the EITIRB.